

INFORMATION CONCERNING LOUISIANA ADVANCE SALES TAX

Louisiana Revised Statute 47:306(B) requires dealers who are selling tangible personal property to other dealers for resale, to collect "advance sales tax" on those sales. This tax, which is collected in advance of the final sale, is imposed at the same rate as the sales tax imposed on the ultimate retail sale of the property. Dealers who remit the advance tax to their suppliers are entitled to a credit for this advance tax paid, which may be claimed on their monthly/quarterly Louisiana Sales and Use Tax return covering the tax period in which they were invoiced by their suppliers. The Department issues a refund for any reporting period where the amount of advance tax paid exceeds tax due, as computed on the sales and use tax return.

EXEMPTION FROM ADVANCE SALES TAX PAYMENT

In addition to the above, R.S.47:306(B) allows for an exemption from the payment of advance sales tax for certain dealers. To qualify, at least fifty-percent (50%) of the dealers' sales must either be sales of the types of property listed in Group A, or sales to the types of customers listed in Group B below. Each separate location of a business entity is required to have its' own sales tax account, and must apply and qualify for the exemption individually. A two-month sales history is required for each account making application.

GROUP A—QUALIFYING TYPES OF PROPERTY SOLD

1. Vehicles subject to license and title, on which tax is paid directly to the Department of Public Safety, Office of Motor Vehicles. (dealer must be licensed with the Louisiana Motor Vehicle Commission)
2. All-terrain vehicles as defined under R.S.32:771. (dealer must be licensed with the La. Used Motor Vehicle and Parts Commission)
3. Marine products as defined under R.S.32:771. (dealer must be licensed with the La. Used Motor Vehicle and Parts Commission)
4. Lumber, including dressed timber, logs, timber sold by the board foot, and related unfinished building materials fabricated from lumber, such as paneling and molding.
5. Farm implements, including mechanical equipment intended for use primarily for a commercial farming operation in the planting, cultivation, and harvesting of crops.
6. Motorized self-propelled earth-moving and construction equipment.

GROUP B—QUALIFYING TYPES OF CUSTOMERS AND TRANSACTIONS

1. Sales to contractors, defined as a business that by itself or through others, constructs, alters, repairs, improves, or demolishes land or fixed structures.
2. Sales to industrial users, defined as a business engaged in the manufacture of tangible personal property for sale, whose sales are primarily to other dealers for resale.
3. Sales to other dealers who will resell the property as moveable.
4. Sales of property delivered outside of Louisiana either by the selling dealers own vehicle, or by common carrier.
5. Sales of property to be used first and exclusively in the offshore area, for which the purchaser has provided the seller with Louisiana Exemption Certificate R-1096 (LGST-9-D) or R-1023 (LGST-9O/S).
6. Sales to Federal, Louisiana State, or Louisiana Local government agencies, provided that the tax-exempt agency has been directly invoiced by the seller, and is directly responsible for payment.
7. Sales made to direct payment account holders, for which the purchaser has provided the seller with Louisiana Exemption Certificate R-1322 (LGST DP).

SUPPORTING DOCUMENTATION REQUIRED WITH NEW APPLICATIONS

New applicants must provide documentation for verification of at least fifty-percent of their total sales. If the majority of your sales are sales of motor vehicles, all-terrain vehicles, or marine products, you must provide a copy of the license issued to you by the appropriate Commission shown above. If the majority of your sales are shown on lines 9a, 9b, or 9c, you must provide a list of your customers' names and the dollar amounts sold to each for the two-month period. If the majority of your sales are shown on lines 9e, 9g, or 9i, you must provide copies (5 to 10) of the appropriate exemption certificates obtained from those customers. If the majority of your sales are shown on lines 9f or 9h, you must provide copies (5 to 10) of the invoices showing out-of-state delivery or sales to Government agencies, whichever is applicable. Renewal applicants are not required to furnish supporting documentation at the time of application.

NO EXEMPTION FROM COLLECTION OF TAX OR REPORTING OF SALES

This statute does not provide a general exemption from the collection of tax or an exemption from reporting requirements. If approved for this exemption, dealers must still report their sales and collect the state sales tax on all of their sales unless the property being sold is specifically exempt or the customer has provided the selling dealer with a valid Louisiana Exemption Certificate attesting that the property will be used in an exempt manner.